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By Reade Pickert, Bloomberg News (via TNS).

Sales of new U.S. homes unexpectedly rose in February after a downward revision to the prior month, suggesting the housing market is beginning to stabilize after a tumultuous year.

Purchases of new single-family homes increased 1.1% to an annualized 640,000 pace

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extending its advance this year to 18%. The gauge is being led by a rally in KB Home, which is gaining the most intraday since November after the builder reported earnings that beat analyst estimates.

The outlook for the housing market, however, remains unclear. The recent collapse of several banks has pushed down Treasury yields, and thus mortgage rates. But the turmoil is also expected to lead to tighter lending conditions and standards for those trying to buy a home.

Sales rose in the West and South, the two largest regions by purchases. The number of homes sold in the Northeast plunged to the lowest since June.

Backlogs rise

There were 436,000 new homes for sale as of the end of last month, the lowest since April. That represents 8.2 months of supply at the current sales rate. The number of homes sold in February and awaiting the start of construction — a measure of backlogs — rose sharply to the highest since March.

While many construction firms still complain of challenges finding skilled labor and the cost of materials remains elevated, builder sentiment improved for a third-straight month in March. Should that lead to an increase in projects, it could help ease the inventory crunch seen across the housing market — in part driven by the reluctance of Americans who locked in low rates to list their homes.

The report, produced by the Census Bureau and the Department of Housing and Urban Development, showed the median sales price of a new home climbed 2.5% from a year earlier to \$438,200.

New-home purchases account for about 10% of the market and are calculated when contracts are signed. They are considered a timelier barometer than purchases of

previously-owned homes, which are calculated when contracts close. Those sales

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